



QUARTERLY STATEMENT

AS OF JUNE 30, 2007
OF THE CONDITION AND AFFAIRS OF THE

Priority Health Government Programs, Inc.

NAIC Group Code	3383	3383	NAIC Company Code	11520	Employer's ID Number	32-0016523
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	06/03/2002		Commenced Business	10/01/2002		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Kristy Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priority-health.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact	1231 East Beltline NE		Grand Rapids, MI 49525-4501		888-975-8102	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)	

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins #	Chief Financial Officer
Judith W Hooyenga	Secretary		

OTHER OFFICERS

James F Byrne	Vice President		
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DIRECTORS OR TRUSTEES

James F Byrne	Kimberly K Horn	Neill P Gage	James S Slubowski
Gregory A Hawkins	Amy Hedges		

State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Gregory A. Hawkins Chief Financial Officer	Judith W Hooyenga Secretary
Subscribed and sworn to before me this 14 day of August, 2007		a. Is this an original filing? Yes [X] No [] b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached
Cheryl Britcher, Executive Administrative Assistant 12/30/2011		

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	0	0	0	0
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$11,051,887), cash equivalents (\$0) and short-term investments (\$9,086,053)	20,137,940		20,137,940	16,825,004
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities	0	0	0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	20,137,940	0	20,137,940	16,825,004
11. Title plants less \$charged off (for Title insurers only)			0	0
12. Investment income due and accrued	94,296	0	94,296	94,573
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	121,113	0	121,113	12,227
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	0		0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit	0		0	0
18. Electronic data processing equipment and software	0		0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	249,161	0	249,161	73,542
22. Health care (\$1,316,488) and other amounts receivable	1,456,989	140,501	1,316,488	1,886,953
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	22,059,499	140,501	21,918,998	18,892,299
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	22,059,499	140,501	21,918,998	18,892,299
DETAILS OF WRITE-INS				
0901. Prepaid Expenses	0	0	0	0
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)9,282,780	9,282,7807,348,662
2. Accrued medical incentive pool and bonus amounts391,062	391,062866,186
3. Unpaid claims adjustment expenses167,007	167,007116,985
4. Aggregate health policy reserves00
5. Aggregate life policy reserves00
6. Property/casualty unearned premium reserve00
7. Aggregate health claim reserves00
8. Premiums received in advance390,528	390,528168,320
9. General expenses due or accrued1,934,219	1,934,219321,701
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))00
10.2 Net deferred tax liability.....		00
11. Ceded reinsurance premiums payable00
12. Amounts withheld or retained for the account of others00
13. Remittances and items not allocated00
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)00
15. Amounts due to parent, subsidiaries and affiliates1,001,882	1,001,882659,698
16. Payable for securities00
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)00
18. Reinsurance in unauthorized companies00
19. Net adjustments in assets and liabilities due to foreign exchange rates00
20. Liability for amounts held under uninsured plans00
21. Aggregate write-ins for other liabilities (including \$ current)0000
22. Total liabilities (Lines 1 to 21).....13,167,478013,167,4789,481,552
23. Aggregate write-ins for special surplus funds	XXX	XXX00
24. Common capital stock	XXX	XXX10,00010,000
25. Preferred capital stock	XXX	XXX	0
26. Gross paid in and contributed surplus	XXX	XXX11,750,00011,750,000
27. Surplus notes	XXX	XXX	0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX1,000,0001,000,000
29. Unassigned funds (surplus)	XXX	XXX(4,008,480)(3,349,253)
30. Less treasury stock, at cost:				
30.1shares common (value included in Line 24) \$)	XXX	XXX	0
30.2shares preferred (value included in Line 25) \$)	XXX	XXX	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX8,751,5209,410,747
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	21,918,998	18,892,299
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page0000
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)0000
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX00
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX00
2801. Appropriated Retained Earnings.....	XXX	XXX1,000,0001,000,000
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX00
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	300,388	284,781
2. Net premium income (including \$0 non-health premium income).....	XXX	56,164,317	43,132,791
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(3,366,189)	(2,575,275)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	52,798,128	40,557,516
Hospital and Medical:			
9. Hospital/medical benefits		36,021,858	26,161,262
10. Other professional services		22,006	28,342
11. Outside referrals		1,614,604	1,579,058
12. Emergency room and out-of-area		3,331,158	3,282,959
13. Prescription drugs		8,444,559	8,616,369
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		477,771	287,229
16. Subtotal (Lines 9 to 15)	0	49,911,956	39,955,219
Less:			
17. Net reinsurance recoveries		0	0
18. Total hospital and medical (Lines 16 minus 17)	0	49,911,956	39,955,219
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ 58,734 cost containment expenses.....		587,337	671,278
21. General administrative expenses.....		3,328,241	3,803,910
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....		0	(598,690)
23. Total underwriting deductions (Lines 18 through 22)	0	53,827,534	43,831,717
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(1,029,406)	(3,274,201)
25. Net investment income earned		510,679	346,258
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	510,679	346,258
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(518,727)	(2,927,943)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(518,727)	(2,927,943)
DETAILS OF WRITE-INS			
0601. QAAP.....	XXX	(3,366,189)	(2,575,275)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(3,366,189)	(2,575,275)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.	0	0	0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	9,410,747	4,660,069	4,660,069
34. Net income or (loss) from Line 32	(518,727)	(2,927,943)	810,831
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0	0
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	(140,500)	189,847	189,847
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	0	0
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	3,750,000
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(659,227)	(2,738,096)	4,750,678
49. Capital and surplus end of reporting period (Line 33 plus 48)	8,751,520	1,921,973	9,410,747
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	56,277,639	89,665,360
2. Net investment income	510,956	699,047
3. Miscellaneous income	(3,087,825)	(4,871,361)
4. Total (Lines 1 to 3)	53,700,770	85,493,046
5. Benefits and loss related payments	48,301,361	79,596,528
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,253,038	8,516,594
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	50,554,399	88,113,122
11. Net cash from operations (Line 4 minus Line 10)	3,146,371	(2,620,076)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	45,098	116,099
12.7 Miscellaneous proceeds	0	360,000
12.8 Total investment proceeds (Lines 12.1 to 12.7)	45,098	476,099
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	45,098	116,099
13.7 Total investments acquired (Lines 13.1 to 13.6)	45,098	116,099
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	360,000
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	3,750,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	166,565	428,973
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	166,565	4,178,973
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,312,936	1,918,897
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	16,825,004	14,906,107
19.2 End of period (Line 18 plus Line 19.1)	20,137,940	16,825,004

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health Government Programs, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	49,730	1,113	.0	.0	.0	.0	.0	.0	48,617	.0
2 First Quarter	49,931	1,086	.0	.0	.0	.0	.0	.0	48,845	.0
3 Second Quarter	50,227	1,110							49,117	
4. Third Quarter0									
5. Current Year	.0									
6 Current Year Member Months	300,388	6,648							293,740	
Total Member Ambulatory Encounters for Period:										
7. Physician	254,135	3,085							251,050	
8. Non-Physician	6,891	84							6,807	
9. Total	261,026	3,169	.0	.0	.0	.0	.0	.0	257,857	.0
10. Hospital Patient Days Incurred	8,001	12							7,989	
11. Number of Inpatient Admissions	2,157	6							2,151	
12. Health Premiums Written	56,245,659	532,219							55,713,440	
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written0									
15. Health Premiums Earned	56,164,317	531,449							55,632,868	
16. Property/Casualty Premiums Earned0									
17. Amount Paid for Provision of Health Care Services	48,737,490	374,499							48,362,991	
18. Amount Incurred for Provision of Health Care Services	49,911,956	422,079							49,489,877	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)52,894	.321,605	.5,114	.87,072	.58,008	.44,606
2. Medicare Supplement0	.0
3. Dental Only0	.0
4. Vision Only0	.0
5. Federal Employees Health Benefits Plan0	.0
6. Title XVIII - Medicare0	.0
7. Title XIX - Medicaid6,782,005	.43,392,255	.509,875	.8,680,719	.7,291,880	.7,304,056
8. Other Health0	.0
9. Health Subtotal (Lines 1 to 8).....	.6,834,899	.43,713,860	.514,989	.8,767,791	.7,349,888	.7,348,662
10. Healthcare receivables (a)830,005	.1,934,158	.187,575	.1,113,256	.1,017,580	.1,016,302
11. Other non-health0	.0
12. Medical incentive pools and bonus amounts952,895			.391,062	.952,895	.866,186
13. Totals	6,957,789	41,779,702	327,414	8,045,597	7,285,203	7,198,546

(a) Excludes \$0 loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS**HEALTH**

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NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is Not Applicable to the Plan.

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [X]
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☐]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes [☐] No [X]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [X]
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes [☐] No [X] NA [☐]

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/06/2005
- 6.4

By what department or departments?
OF IS.....
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?.....

Yes [☐] No [X]
- 7.2

If yes, give full information:
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [☐] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [☐] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.

9.11

If the response to 9.1 is No, please explain:

9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒

9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐

10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$

30,114

INVESTMENT

11.1

Has there been any change in the reporting entity's own preferred or common stock?

Yes ☐ No ☒

11.2

If yes, explain:

12.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒

12.2

If yes, give full and complete information relating thereto:

13.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$

0

14.

Amount of real estate and mortgages held in short-term investments:

\$

0

15.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☐ No ☒

15.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
15.21	Bonds	\$	\$	
15.22	Preferred Stock	\$	\$	
15.23	Common Stock	\$	\$	
15.24	Short-Term Investments	\$	\$	
15.25	Mortgage Loans on Real Estate	\$	\$	
15.26	All Other	\$	\$	
15.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal			
	Lines 15.21 to 15.26).....	\$0	\$0	
15.28	Total Investment in Parent included in Lines 15.21 to 15.26 above	\$	\$	

16.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

16.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [] No [X]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Mellon Trust.....	Pittsburgh, PA.....

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Michigan Department of Treasury.....	Lansing, MI.....	Statutory Deposit - Held by the State of Michigan.....

17.3 Have there been any changes, including name changes in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
n/a.....	Prime Investments.....	Bloomfield, CT.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

18.2 If no, list exceptions:

.....

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value, December 31 of prior year	.0	.0
2. Increase (decrease) by adjustment		.0
3. Cost of acquired		.0
4. Cost of additions to and permanent improvements		.0
5. Total profit (loss) on sales		.0
6. Increase (decrease) by foreign exchange adjustment		.0
7. Amount received on sales		.0
8. Book/adjusted carrying value at end of current period	.0	.0
9. Total valuation allowance		.0
10. Subtotal (Lines 8 plus 9)	.0	.0
11. Total nonadmitted amounts		.0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	.0	.0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	.0	.0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		.0
2.2. Additional investment made after acquisitions		.0
3. Accrual of discount and mortgage interest points and commitment fees		.0
4. Increase (decrease) by adjustment		.0
5. Total profit (loss) on sale		.0
6. Amounts paid on account or in full during the period		.0
7. Amortization of premium		.0
8. Increase (decrease) by foreign exchange adjustment		.0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	.0	.0
10. Total valuation allowance		.0
11. Subtotal (Lines 9 plus 10)	.0	.0
12. Total nonadmitted amounts		.0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	.0	.0

SCHEDULE BA – VERIFICATION

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value of long-term invested assets owned December 31 of prior year	.0	.0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		.0
2.2. Additional investment made after acquisitions		.0
3. Accrual of discount		.0
4. Increase (decrease) by adjustment		.0
5. Total profit (loss) on sale		.0
6. Amounts paid on account or in full during the period		.0
7. Amortization of premium		.0
8. Increase (decrease) by foreign exchange adjustment		.0
9. Book/adjusted carrying value of long-term invested assets at end of current period	.0	.0
10. Total valuation allowance		.0
11. Subtotal (Lines 9 plus 10)	.0	.0
12. Total nonadmitted amounts		.0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	.0	.0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
NONE		
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	.0	.0
2. Cost of bonds and stocks acquired	.0	.0
3. Accrual of discount	.0	.0
4. Increase (decrease) by adjustment	.0	.0
5. Increase (decrease) by foreign exchange adjustment	.0	.0
6. Total profit (loss) on disposal	.0	.0
7. Consideration for bonds and stocks disposed of	.0	.0
8. Amortization of premium	.0	.0
9. Book/adjusted carrying value, current period	.0	.0
10. Total valuation allowance	.0	.0
11. Subtotal (Lines 9 plus 10)	.0	.0
12. Total nonadmitted amounts	.0	.0
13. Statement value	.0	.0

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	8,976,344	4,572,510	4,483,029	20,227	8,976,344	9,086,052	.0	8,861,901
2. Class 20	.0	.0	.0	.0	.0	.0	.0
3. Class 30	.0	.0	.0	.0	.0	.0	.0
4. Class 40	.0	.0	.0	.0	.0	.0	.0
5. Class 50	.0	.0	.0	.0	.0	.0	.0
6. Class 6	0	0	0	0	0	0	0	0
7. Total Bonds	8,976,344	4,572,510	4,483,029	20,227	8,976,344	9,086,052	0	8,861,901
PREFERRED STOCK								
8. Class 10	.0	.0	.0	.0	.0	.0	.0
9. Class 20	.0	.0	.0	.0	.0	.0	.0
10. Class 30	.0	.0	.0	.0	.0	.0	.0
11. Class 40	.0	.0	.0	.0	.0	.0	.0
12. Class 50	.0	.0	.0	.0	.0	.0	.0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	8,976,344	4,572,510	4,483,029	20,227	8,976,344	9,086,052	0	8,861,901

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	9,086,053	XXX	9,044,505	197,946	9,731

SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	8,861,901	8,546,140
2. Cost of short-term investments acquired	9,846,858	17,962,853
3. Increase (decrease) by adjustment	45,098	116,099
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		0
6. Consideration received on disposal of short-term investments	9,667,804	17,763,191
7. Book/adjusted carrying value, current period	9,086,053	8,861,901
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	9,086,053	8,861,901
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	9,086,053	8,861,901
12. Income collected during period	233,313	320,867
13. Income earned during period	233,033	375,035

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health Government Programs, Inc.

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

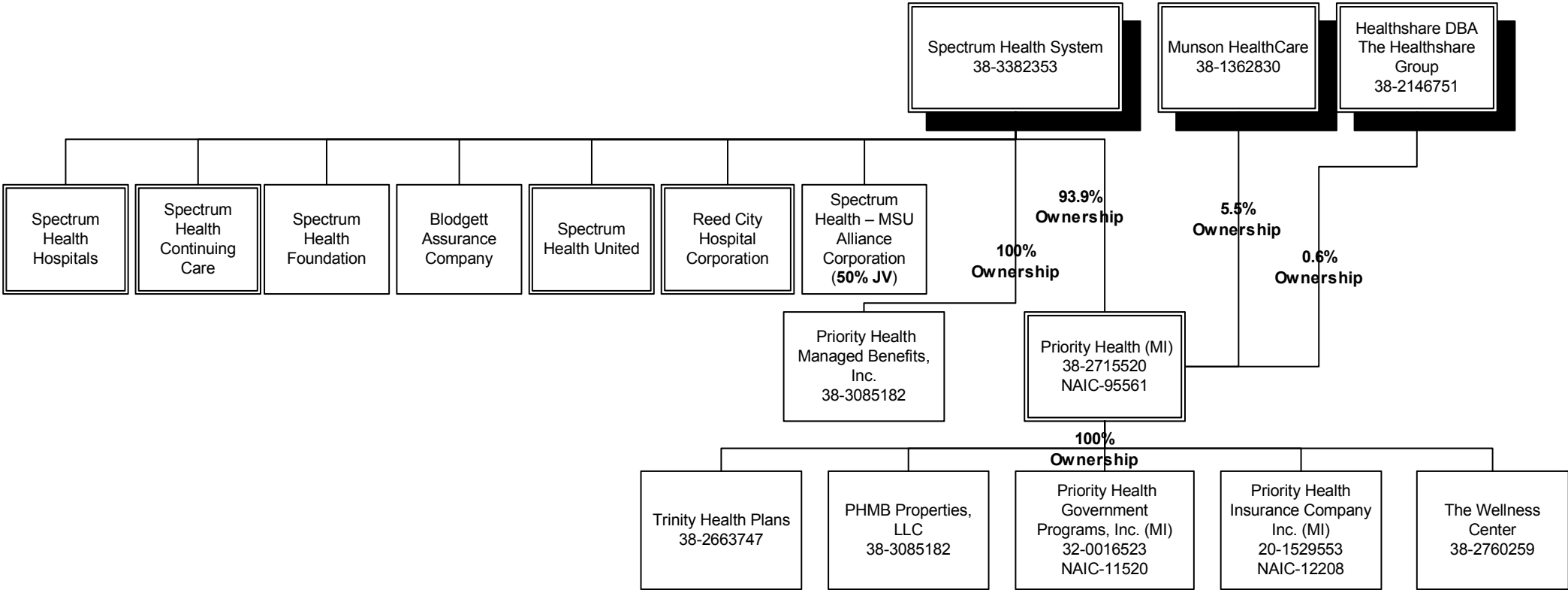
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
States, Etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	No						0		
2. Alaska	AK	No						0		
3. Arizona	AZ	No						0		
4. Arkansas	AR	No						0		
5. California	CA	No						0		
6. Colorado	CO	No						0		
7. Connecticut	CT	No						0		
8. Delaware	DE	No						0		
9. District of Columbia	DC	No						0		
10. Florida	FL	No						0		
11. Georgia	GA	No						0		
12. Hawaii	HI	No						0		
13. Idaho	ID	No						0		
14. Illinois	IL	No						0		
15. Indiana	IN	No						0		
16. Iowa	IA	No						0		
17. Kansas	KS	No						0		
18. Kentucky	KY	No						0		
19. Louisiana	LA	No						0		
20. Maine	ME	No						0		
21. Maryland	MD	No						0		
22. Massachusetts	MA	No						0		
23. Michigan	MI	Yes	532,219	55,713,440				56,245,659		
24. Minnesota	MN	No						0		
25. Mississippi	MS	No						0		
26. Missouri	MO	No						0		
27. Montana	MT	No						0		
28. Nebraska	NE	No						0		
29. Nevada	NV	No						0		
30. New Hampshire	NH	No						0		
31. New Jersey	NJ	No						0		
32. New Mexico	NM	No						0		
33. New York	NY	No						0		
34. North Carolina	NC	No						0		
35. North Dakota	ND	No						0		
36. Ohio	OH	No						0		
37. Oklahoma	OK	No						0		
38. Oregon	OR	No						0		
39. Pennsylvania	PA	No						0		
40. Rhode Island	RI	No						0		
41. South Carolina	SC	No						0		
42. South Dakota	SD	No						0		
43. Tennessee	TN	No						0		
44. Texas	TX	No						0		
45. Utah	UT	No						0		
46. Vermont	VT	No						0		
47. Virginia	VA	No						0		
48. Washington	WA	No						0		
49. West Virginia	WV	No						0		
50. Wisconsin	WI	No						0		
51. Wyoming	WY	No						0		
52. American Samoa	AS	No						0		
53. Guam	GU	No						0		
54. Puerto Rico	PR	No						0		
55. U.S. Virgin Islands	VI	No						0		
56. Northern Mariana Islands	MP	No						0		
57. Canada	CN	No						0		
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	
59. Subtotal	XXX	532,219	0	55,713,440	0	0	0	56,245,659	0	
60. Reporting entity contributions for Employee Benefit Plans	XXX							0		
61. Total (Direct Business)	(a) 1	532,219	0	55,713,440	0	0	0	56,245,659	0	
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0		

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF JUNE 30, 2007 OF THE Priority Health Government Programs, Inc.

SCHEDULE E - PART 1 - CASH

[illegible]

Schedule E - Part 2

NONE